

Washington Horse Racing Commission  
Meeting Minutes  
June 13, 2014

The meeting convened at 9:30 A.M. at the City Council Chambers, Auburn, Washington. Present were: Jeff Colliton, Chairman; Paul George, Commissioner; Dr. Everett Macomber, DVM, Commissioner; Representative Joe Schmick, Legislative Ex-officio Member; Sharon James, Assistant Attorney General; Doug Moore, Executive Secretary; Patty Brown, Confidential Secretary.

Chairman Colliton said Sharon James, AAG had taken a new position within the Attorney General's Labor and Industries Division and would be assigned new duties. He thanked Ms. James for all her assistance and introduced recently appointed Matt Kernutt, Assistant Attorney General who would be taking over the duties pertaining to the Commission.

Item #1. Approval of the meeting minutes of April 25, 2014 and May 5, 2014.

Commissioner Macomber moved to approve the minutes of April 25, 2014 as submitted. Commissioner George seconded the motion. Unanimously approved.

Commissioner Macomber moved to approve the minutes of May 5, 2014 as submitted. Commissioner George seconded the motion. Unanimously approved.

Item #2. Commissioner's reports.

Commissioner George spoke on the passing of Mr. George "Joe" Layman from Yakima a longtime horseman. He said he had received an email from Senator Hewitt regarding the status of non-profit racing particularly at Dayton and Waitsburg. Commissioner George responded that there would be discussions about nonprofit racing in future meetings. Senator Hewitt seemed interested and was receiving some pressure from Dayton and Waitsburg. Commissioner George told him that the Commission fully supports live racing in Eastern Washington and that Sun Downs will be applying for dates in 2015.

Commissioner Macomber said he'd been reviewing information on medication. He had also been receiving some interesting information on identifying the benefits and risk factors of racing two year olds. Chairman Colliton said it was an agenda item at the national meeting regarding the pros and cons of that.

Chairman Colliton mentioned Commissioner George's article written for the Washington Thoroughbred magazine regarding the Global Symposium on Racing and Gaming.

Item #3. ADW license renewal - TVG.

Doug Moore presented the renewal request from TVG. Mr. BJ Cosson appeared on behalf of TVG license renewal application and was present for any questions. Staff recommended approval.

Mr. Cosson expressed the appreciation of TVG to the Commission and industry and asked for approval of the renewal request.

Commissioner Macomber asked Mr. Cosson where he sees advance deposit wagering (ADW) to be going in the next five years. Mr. Cosson said TVG continues to grow, they've expanded into 30 states, and will continue to be a vibrant organization and serve Washington State. Commissioner George moved to approve the renewal application for TVG. Commissioner Macomber seconded the motion. Unanimously approved.

Item #4. Industry reports:

a. Emerald Downs.

Bob Fraser, VP Operations reported on Emerald Downs wagering. Mr. Fraser said that being one-third of the way through the racing year, they're doing well. Financially the handle is up 7.35 percent, but relatively flat on Emerald Downs live. Off track betting (OTBs) are really strong, up 4.9 percent. Selling of the Emerald Downs' signal is down due to California not taking a lot of the signal now that Hollywood Park is gone. Mr. Fraser said that might change with Delmar meet coming soon. Mr. Fraser said the live on live and full cards are really strong, they drive the financial profitability of the track. Representative Schmick asked if there was more than the Northern Quest Casino satellite in Spokane and Mr. Fraser said no.

Commissioner George asked about self service, can the players use both cash/credit? Mr. Fraser said cash only. The kiosks take from \$5 bills to \$100 dollar bills. Commissioner Macomber asked about the Kirkland satellite site; Mr. Fraser said they've had a problem, the manager when making the deposit, got robbed, they are working with the local police. Mr. Fraser said that Preakness day was really good; they'd doubled what was handled on Derby day.

Sophia McKee, Director of Marketing, said attendance was up 14%. Marketing really picks up after Father's day. The first Fab Friday was the largest they've ever had. They gave away 5,000 shirts, and if you wear it on Fridays, you get free admission. Ms. McKee said the Emerald Racing Club was going well; they've got a waiting list for next year. One of the owners has already bought a couple of yearlings. The Racing Club attended open houses at the farms for the members on Preakness day that was well attended and enjoyed by the members.

Ms. McKee said \$1.93 million was bet on the Belmont handle. It appears the economy may be rebounding a little bit; more people are coming to the track and claiming horses.

Jack Hodge, VP, Emerald Downs, spoke about the 4<sup>th</sup> of July activities. He reported the number of horses on the grounds to be about 790. They are down 160 horses from last year. The average field size is 6.29 vs. 6.71 from last year. They requested fewer days at the start of the meet to offset the decline in horses on the grounds, and don't anticipate any more decrease or increase of the number of days at this point. He's heard Portland Meadows has requested 36 days of racing beginning in August and the word is that they will be leaving the stable area open until February 8<sup>th</sup> but will completely close the racetrack. Mr. Hodge said with the cancellation of one Friday already. He said they will race four days for the July 4<sup>th</sup> weekend; card as many races as possible; with 7 races on July 3, and fill the remaining with as many as they can for the rest of the weekend. He will be discussing this with the race office, based on what has been carded for a weekend, they'll do whatever can be done. Regarding Labor Day weekend, they will run four days as planned, and will wait and see what can be done to fill those races. He said there isn't a lot of participation in Boise entries either. A lot of Boise's races are Quarter Horse.

Mr. Hodge said the two year olds are getting ready, he said they usually end the meet with them. He said there's nothing coming in from the training centers.

Commissioner Macomber asked Sophia about the Prodigious Fund which raises funds to assist with retired race horse placements. She reported funds were down substantially from last year. She said the fund raiser had selected four trainers to do the 100 day challenge. Canter farm is the largest thoroughbred retirement second career facility. Ms. McKee said the next fund raiser wasn't until September with the Thoroughbred Showcase.

Mr. Hodge reported the purse account to be in good shape due to Belmont wagering. But this weekend they will probably go into the red again, but it was not unexpected and they are doing fine regardless. Mr. Hodge reported on the Washington bred races, they've run 13 out of 213 vs. 33 of 245 at this same time last year; down 3% there , but this is holding true with rest of what's happening right now.

Ms. McKee said Canter is opening a foster care farm for horses in dire straits. Commissioner Macomber also asked Mr. Fraser about the hoop fest. Mr. Fraser said it's going well 52 sponsors so far. Hoping for 50 percent increase. He said he'd give results at the September meeting.

b. WAHBPA.

Ron Maus, President, WA HBPA reported for HBPA. He mentioned that he'd seen Chairman Colliton in Lexington. He said it's been a quiet year with issues so far, Emerald Downs is doing a great job. He said there will be more medication discussions, it will be argued on a national basis. Mr. Maus said most jurisdictions want to be governed on a local basis, he said he would hate to see that lost. The HBPA has no problem with uniform meds, but thresholds must be based on science and to maintain a local governance.

c. WTOBA.

Dana Halvorson, President, reported for the Washington Thoroughbred Owners and Breeders Association. He said that Commissioner Macomber will be speaking on July 12. The Yearling sale and open sale is August 26<sup>th</sup>. They've got 150 nominated. Commissioner George asked if Todd Pulse had any horses in the sale. Mr. Halvorson said none this year. He said its been a better breeding year; although difficult to get new stallions; there's a solid WA bred program. He's hoping that will continue.

Item #5. Adoption Hearings:

a. WAC 260-70-630 Threshold levels.

Mr. Moore presented the rule amendment adoption request, the attempt is to move closer to the RMTc/ARCI recommended model rules for therapeutic medication. Currently the RMTc has thresholds set on 26 substances including 3 NSAIDS, bute, flunixin, ketoprofen and lasix. The three NSAIDS are not being amended and will remain at the current threshold. Lasix also remains at its current level in line with ARCI models. Of the remaining 22, the same threshold levels remain on 17 medications, but vary on five, acepromazine, 25/ng ml - 10 ng/ml in urine; clenbuterol 25 pg/ml - limit of detection in plasma; dexamethasone 1 ng/ml - 5 pg/ml in plasma; firocoxib 40 ng/ml - 20 ng/ml in plasma and methylprednisolone 1.3 ng/ml - 100 pg/ml in plasma. Two of the therapeutics not currently listed by the ARCI; promazine and pyrilamine are being retained. Included in the proposed amendment are the

addition of 4 environmental contaminants: arsenic, estradiol, hydrocortisone and methoxytyramine. Salicylate salicylic acid and theobromine are being moved from the therapeutic list to this list, but the thresholds remain the same. Stanozolol (Winstrol) is also being removed from the anabolic steroid list because it is no longer available unless compounded.

These amendments if adopted become effective July 14, 2014. A proposed policy will be in effect for practicing veterinarians to adjust to the new thresholds. When a positive is reported and the threshold of the medication is above the new threshold, but below the current threshold, the stewards will take into account the level, the vet will be notified and the trainer will be sent a written warning for the first offense only. If a positive is reported on the same trainer and the same medication, a violation would then be considered.

This policy will stay in effect for the remainder of the current racing season. Staff is recommending approval.

Commissioner Macomber commented that the WHRC is contacting stakeholders and is moving on the issues where there is valid scientific research provided. He said research is still going on and the WHRC has not made changes on those. The list of medications we've acted on appear to be supported by the research community and the veterinarians overlooking the project.

Commissioner Macomber moved to adopt the amendments to WAC 260-70-630 Threshold levels. Commissioner George seconded the motion. Unanimously approved.

Commissioner Macomber said we are gradually moving in the direction of serum and plasma testing.

Dr. Bud Hallowell, DVM, said Dr. Macomber has pretty well answered his questions. He had an AAEP article that said vets were not precluded from using any therapeutic medication and are not limited to just those with thresholds; but RMTC will not regulate those. Commissioner Macomber said the vet must inspect the horse and treat accordingly, some drugs that are used will not have an established threshold but if it appears in testing this will result in the vet and/or the trainer a medication violation. WHRC is not prohibiting the veterinarians ability to use drugs.

MaryAnn O'Connell, WA HBPA, said some jurisdictions, in the penalty phase, dealt with violations with more severity and this is causing concern across the country. She's found that this is not being done in Washington.

Unanimously approved.

Mr. Moore offered for approval a threshold level policy stating that beginning July 14, 2014, any positive reported previously having a threshold, above new threshold but below the old threshold; the first violation will be a warning. No punitive action will be invoked for the remainder of this race meet.

Commissioner Macomber moved to approve the Threshold Policy Statement 2014-01. Chairman Colliton seconded the motion. Unanimously approved.

Chairman Colliton mentioned the RCI comparison between Racing Commission's drug program and USADA drug program and was a handout. Commissioner Macomber said utilizing USADA protocols it would cost about \$1674 per test.

BREAK. 10:50 A.M. 10:59 Reconvened.

Item #6. Hearing before the Commission:

a. Karen Knapp WHRC 2014-002.

Karen Knapp appeared and was not represented by an attorney, to appeal a \$50 fine. Doug Moore represented staff. Seven exhibits were admitted. Ken Doll, Presiding Steward gave testimony. Mr. Moore read an affidavit from Ms. Deborah Hopkins. The Steward's ruling was upheld. The \$50 fine was suspended, if no further rulings were received by Ms. Knapp through December 31, 2014. Hearing closed.

Item #7. October commission meeting date.

Mr. Moore said due to the unavailability of Chairman Colliton to attend the meeting on October 10th, he requested to change the meeting date to October 7, 2014. Commissioner Macomber moved to change the October meeting from the 10th to October 7th. Commissioner George seconded the motion. Unanimously approved.

Item #8. Executive Secretary's report.

- a. Wagering recap. Mr. Moore reported the instate wagers to be down 1.3%; race year down 4.9%; for the month of April up 3.2%. Sun Downs wagering was down 14.2 percent. Mr. Moore attributed this to horse population and the Fair board conflict; limited advertising; and horrible weather. They are starting to work now for an agreement with County to get the fairgrounds early in 2015.
- b. Monthly financials. Mr. Moore went over the revenues and expenditures. Current fund balance is \$801,708. Mr. Moore said he is hoping to purchase a new truck for the necropsy program.

Item #9. Any other business that may be properly brought before the Commission.

Gene Chabrier, VP Regulatory Affairs & Business Development for ADW XpressBet, sent a letter addressing a change of officers and conversion of another portal for wagering, Derby Jackpot, effective on or about July 1. Due to no meeting scheduled in July, Mr. Moore requested action on this matter with staff recommending approval.

Chairman Colliton moved to approve the change as reflected in the letter dated June 12, 2014. Commissioner Macomber asked if this would affect Emerald Downs and Ms. McKee said XpressBet is still covered under Source Market Fee agreement between XpressBet and Emerald Downs. Commissioner Macomber seconded the motion. Unanimously approved.

Item #10. Commissioner Training (time permitting):

- a. Open Public Meetings.
- b. Public Records.

Mr. Moore recommended tabling the Public meeting and records required training to August 8<sup>th</sup>. The Commissioners were in agreement.

Meeting adjourned. 11:40 A.M.

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Douglas L. Moore, Executive Secretary